

LAND BOARD AGENDA ITEM
July 21st, 2008

**FINAL APPROVAL FOR LAND BANKING ACQUISITION:
TUPPER LAKE**

Seller:	The Nature Conservancy (TNC)
Prospective Buyer:	State of Montana, Department of Natural Resources and Conservation
Location:	The property is located approximately 10 miles east of Ovando and 12 miles northwest of Lincoln, Montana.
Property Characteristics:	These acres are primarily forested with scattered small ponds and wetlands throughout. This parcel is encumbered with a conservation easement held by the United States Fish and Wildlife Service (USFWS).
Recreational Opportunities:	The tract provides excellent wildlife habitat for a wide variety of large and small game animals plus water and riparian areas for waterfowl. The property has a long history of public use permitted by previous forest industry land owners and TNC.
Access:	With the exception of one 80 acre parcel, the tract is accessible by county and United States Forest Service roads. The 80 acre parcel will come with an access easement for resource management purposes and is publicly accessible during the hunting season through the Block Management Program.
Appraised Value/Purchase Price:	$\$714.98/\text{acre} \times 1,777.67 \text{ acres} = \mathbf{\$1,271,000.00}$
Proposed Closing Date:	July 28 th , 2008
Background:	The proposed purchase of the 1,777.67 acre Tupper Lake property is located approximately 10 miles east of Ovando and 12 miles northwest of Lincoln in Powell County, received preliminary approval by the Board of Land Commissioners (Board) in January, 2008. Since then, the DNRC has engaged in evaluation of the property as per the Land Banking Rules at ARM 36.25.815.

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Public Involvement:

The Tupper Lake property was nominated for state acquisition by the Nature Conservancy under the Land Banking process.

**Selection Considerations
and Process:**

DNRC secured a purchase agreement contingent upon findings of the due diligence as per Land Banking rule ARM 36.25.815. Comments received from the Blackfoot Challenge and from the public at community meetings indicated a high degree of support for the state's acquisition of this property.

The DNRC has conducted an in-depth evaluation of this tract for acquisition. A copy of the evaluation summary is attached. Following final approval by the Board, the DNRC will proceed to closing, and acquire the Tupper Lake property for the appraised value of \$1,271,000.

Agency Recommendation:

The Director recommends the Board's final approval for acquisition of the Tupper Lake property.

Due Diligence Property Evaluation Summary

ACQUISITION REPORT	EXPLANATION
Seller's Disclosure	No known material defects in the property
Annual Rate of Return over 60 years	1.45%
Average Annual Rate of Return of property sold	0.8%
Annual Income	Projected \$18,441/year, over a 60 year accounting period
Classification of property	Forest land
Soils/Range	The Tupper Lake parcel is a forested tract of land with good forest soils providing good to excellent forest productivity.
Vegetation	The Tupper Lake parcel is well stocked with regeneration, second growth and some merchantable timber with a species mix of ponderosa pine, Western larch, Douglas fir, and lodgepole pine. The riparian areas have aspen, cottonwood and scattered Engelmann Spruce. Native shrubs and grasses occur throughout the parcel.
Range Condition	The carrying capacity of the property is typical of forested lands in Western Montana. It is estimated that the property will support 284 cow/calf pairs between July and October annually. Currently, 410 acres are grazed by adjacent ranches.
Weeds	Weeds occurrence is similar to forested tracts throughout Western Montana. The Nature Conservancy has been actively managing weeds along open road and areas of heavier concentration. Both chemical and biological control has been used with positive results.
Timber Cruises	Approximately 1500 acres of the property is forested with the remainder in pot holes, wetlands and riparian areas. Much of the property was logged in the 1960's and was either planted or regenerated naturally. Approximately 1000 acres was pre-commercially thinned and is now reaching merchantable size. The existing composition is ponderosa pine, Western larch, Douglas fir, lodgepole pine and minor amounts of other conifers. Aspen and cottonwood stands are found around the wetland areas. It is estimated that the current merchantable volume is in excess of 2.2 MMBF. Productivity estimates indicate that the forested lands should grow at a rate of 150 BF per acre per year. The slope of the terrain is predominately in the 5-20 % range with a minor amount of steeper grounds. The property is ideally suited for timber management.

Water	The parcel has ponds and wetlands and a small lake and stream that provide fish habitat and fishing opportunities.
Water Rights	Numerous active stock water claims (see attached Water Rights List)
Wildlife (T&E)	The parcel provides excellent wildlife habitat for many of Montana's major big game species, upland game birds, waterfowl and non-game species. It is occupied grizzly habitat and gray wolves frequent the area.
Fisheries	Native and introduced game fish occur in Golden Pond and in Bull Creek that goes through a portion of the property.
Wetlands/Flood plain	These acres are primarily forested with scattered small ponds and wetlands throughout.
Riparian characteristics	Scattered potholes and associated riparian areas are found throughout the parcel. These features are in good condition and provide valuable wildlife habitat.
Cultural values	The property has no recorded cultural features.
Mineral characteristics	The acquisition of the Tupper Lake parcel does not included any mineral rights. All hard rock and gas and oil minerals are owned by third parties. In the lands surrounding the Tupper Lake parcel, there has been no mineral exploration or mining activity.
Aesthetic Values	The property is located on the east edge of Kleinschmidt Flat and represents the forest transition to the view of the southern Scapegoat Wilderness Area.
Recreational Use	The tract provides excellent wildlife habitat for a wide variety of large and small game animals plus water and riparian areas for waterfowl. The property has a long history of public use permitted by previous forest industry land owners and TNC. Local communities and sportsmen strongly support this acquisition.
Zoning	None
Planning	This property comes with a USFWS conservation easement precluding future development. The private lands adjacent to the property are regulated by the county for one residence per 160 acres.
Surrounding land use	Adjacent lands are used for forest, recreational and grazing purposes.
Potential for multiple use	The primary use of the property would be timber production and the grazing of livestock. The property is likely to get heavy recreational use during hunting season.

Access to parcel	All parcels being analyzed for acquisition will have road access for management of the individual parcels. The general public will have drive-in access to 1698 acres and walk-in access to the remaining 80 acres for recreational purposes. The acquisition of this parcel in eastern portion of the Ovando valley will consolidate state ownership of two existing state parcels and will result in a block of state land equaling 3018 acres.
Infrastructure	All of the Tupper Lake acquisition lands are rural forestlands. All of the parcels have existing roads for the management of the forests and for the management of grazing licenses. Power and telephone lines are adjacent on the west side of the parcel along the county road. There are some fences for the management of grazing licenses on parcel boundaries. No other infrastructure exists with in this parcel.
Adjacent public lands	The Tupper Lake parcel is adjacent to public lands on the east and south and private lands on the west and north. The Tupper Lake parcel shares 1.5 miles of boundary with the Helena National Forest, 1 mile of boundary with the Bureau of Land Management and over 2 miles of boundary with existing State lands. The acquisition of this parcel in eastern portion of the Ovando valley will consolidate state ownership of two existing state parcels and will result in a block of state land equaling 3018 acres.
Adjacent conservation easements	The Tupper Lake parcel has a conservation easement on it held by the US Fish and Wildlife Service. The conservation easement allows for the traditional uses of the land, forest management, grazing and recreation, but restricts future subdivision or the building of any structures.
Appraised Value	\$1,271,000
Purchase Price	\$1,271,000
Summary of Title report	Not complete
Summary Phase 1 site analysis	No cultural impacts other than logging were observed in the area.
Notification to Commissioners and adjacent land owners	The Powell County commissioners and adjacent land owners are aware of this proposed acquisition through the public meeting process and no opposition has been noted.
Comments received during public involvement process	Public comments have been positive because of the importance of this area for public use and wildlife habitat. The public has supported the continued traditional uses of this property.

WATER RIGHTS LISTS

Township 15 N, Range 10W

Section 19:

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Section 30:

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Section 31:

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Township 15 N, Range 11 W

Section 25:

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Section 35:

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